

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **CHAIRMAN STEVE VICK**, on March 5, 2001 at 8:25 A.M., in Room 102 Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Steve Vick, Chairman (R)  
Rep. Dave Lewis, Vice Chairman (R)  
Rep. Matt McCann, Vice Chairman (D)  
Rep. John Brueggeman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Rep. Tim Callahan (D)  
Rep. Edith Clark (R)  
Rep. Bob Davies (R)  
Rep. Stanley Fisher (R)  
Rep. Dick Haines (R)  
Rep. Joey Jayne (D)  
Rep. Dave Kasten (R)  
Rep. Christine Kaufmann (D)  
Rep. Monica Lindeen (D)  
Rep. Jeff Pattison (R)  
Rep. Art Peterson (R)  
Rep. Joe Tropila (D)  
Rep. John Witt (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Paula Broadhurst, Committee Secretary  
Taryn Purdy, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearing(s) & Date(s) Posted: **HB 2**  
Executive Action: **HB 2**

HEARING ON HB 2GENERAL GOVERNMENT AND TRANSPORTATIONDepartment of Administration

**Rep. Davies** said most of the funding in Administration is proprietary. The Department of Administration provides centralized services to state agencies. The programs charge rates and fees to state agencies for services provided. Most of their income is from those fees. There is a Warrant Writer unit, an Information Services Division data network, SABHRS, (Statewide Accounting, Budgeting and Human Resource System) State Personnel Payroll fee and Risk Management and Tort Defense Division and handle the mail.

The legislative budget reflects a net decrease from the executive budget of just over \$351,000 for the biennium. Reductions of nearly \$346,000 general fund for the majority of the difference with reductions of state special revenue making up the remaining \$6,000. Major factors for the reduction are: (1) movement of the personnel unit and the accounting and management support program from general fund to proprietary fund. That resulted in \$129,000 reduction.

(2) the reduction of a new proposal associated with an accounting standard change, a \$40,000 reduction. Elimination of the funding for the public safety communication program, \$62,000. Deferral of maintenance on the Old Governor's Mansion Carriage House \$22,000 and additional vacancy savings in two programs \$78,000.

The accumulative effect on rate reductions associated with rent and general liability insurance premiums attributed additional reductions below the executive budget. The legislative budget provides present law funding for the Department with only minor increases for new proposals. The legislature approved most of the agency-requested adjustments to present law and only approved funding for two new functions.

**Barbara Ranf, Director, Department of Administration** said they provide centralized services to other state agencies. The goal of that is to maximize the effectiveness and minimize the cost of government. They have seven different divisions and five attached entities to the Department. They do the procurement and printing for the state which is the purchase of goods and services, printing the central mail and surplus property. They have a General Services Division which is the landlord for the buildings and also provides maintenance and security. The Accounting and Management Support is the accounting and banking

services for the state bonds. They also overview the SABHRS system. Page A-96 of the Narrative.

**Rep. McCann** referred to Page A-92 of the Narrative and asked why the movement of the personnel unit and the Accounting Management program from general funding to proprietary funding was done.

**Greg DeWitt** said it is not that this does not serve statewide, but is the one that serves within the Department itself. This was recommended by the Department as one of the ways to save on general fund. **Rep. McCann** asked what fees are being paid that exist within the proprietary account? **Mr. DeWitt** said the fees will come from all the other divisions of the department and the effect will be from leveraging different funds.

**Rep. Vick** asked, if it is changed to proprietary fund, doesn't that increase the general fund in some other agency? **Mr. DeWitt** said because there are only a few FTE in the Department of Administration that serve that Department and attached agencies. Instead of coming from general fund, it now comes from payments from the other agencies that are administratively attached. Only those that are within the Department pay a fee through their appropriation which was not increased in order to do this so they absorbed the cost of this move. It reduces the general fund direct appropriation for that function and replaces it with a payment from other programs that would be funded with a federal fund, for example, or a state special revenue fund, or proprietary fund. **Rep. Vick** asked what percent of that would be federal money and state special? **Mr. DeWitt** will get that information.

**Rep. McCann** asked what the impact would be on the budget regarding this movement? **Cathy Muri, Administrator, Accounting and Management Support Division** said the personnel unit is located within the Department of Administration and currently it processes payroll for all the Divisions within the Department. It does classification, recruitment, hiring and firing and assists all the Divisions with those sorts of functions, comprised of 2.25 FTE. Their proposal outlined how many FTE were in each Division and allocated the cost to each Division. It turned out that \$65,000 of the funding of the total personnel unit work was done for non-general funded Divisions. There were no federal funds, just proprietary funds. Their Department will be absorbing those costs. **Rep. Vick** asked if this is a true general fund savings? **Ms. Muri** said yes. **Rep. McCann** said he is surprised this didn't exist prior to the tightness of general fund monies. **Ms. Muri** said the legislature was looking for additional general funds and so they really analyzed closely during their last audit. This was not a recommendation but a

suggestion, and after a discussion with the Legislative Auditor, decided these proprietary funds should be paying their fair share of the services they get the benefit of. This is what pushed them to decide personnel unit should be funded by the fund types that receive the services.

**Rep. Clark** asked for an explanation concerning the elimination of funding for the Public Safety Communications Program and is that the 911 program or is that the payout to the local government?

**Mr. DeWitt** said that was done in the Information Technology Subcommittee. There was a request in their budget for an FTE for the public safety radio and was one-time-only. They were denied this request and it has nothing to do with the 911 Program.

**Rep. Davies** directed the committee to the handout he gave on Friday of the cuts made to the Executive Budget.

**Rep. McCann** asked for an explanation of reductions. **Mr. DeWitt** said this is a standard report they prepared for **Chairman Vick** for all the subcommittees. He referred to **Governor Martz'** budget and all the changes made by agency and by program in the Department of Administration.

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**Rep. Vick** referred to general funds, state special revenue, and federal. There are no changes in "other funds". Could he explain what "other funds" might be? **Mr. DeWitt** said "other funds" would be a budgeted proprietary fund. Another fund might be Capitol Projects fund.

**Tony Herbert, Administrator, Information Services Division** said they had a recommendation from the Legislative Auditor that they take one FTE that they had funded in the past through proprietary rates and that was an inappropriate way for them to fund a public safety program. That person coordinated with local government, state agencies, federal programs on radio spectrum issues. This is the area that deals with hand-held radios in the state and local government vehicles. They made a request to transfer that from proprietary to general fund. They had a request from the new Governor to cut that to .5 FTE, which they did, and during subcommittee action, that additional .5 FTE was also eliminated. Frankly, that program can't work well with just .5 FTE. They are going to be working with the agencies they support in that area to figure out ways to get that activity done in a way without the funding they had in the past.

*{Tape : 1; Side : A; Approx. Time Counter : 25.7 - 30.4}*

**Judiciary**

**Karla Gray, Chief Justice, Montana Supreme Court** referred to page A-11, Narrative HB 2, the executive budget comparison says "with the exception of global adjustments applied to all agencies, the legislature approved the agency budget as presented". She said it wasn't as easy as that for the Judiciary to end up in the place the subcommittee put them.

**Lisa Smith, Acting Court Administrator, Montana Supreme Court** referred to page A-12, Narrative HB2, and gave a summary.

**Rep. Lewis** asked what happened to the Guardian ad Litem Program because there was originally some general fund in the Program  
**Ms. Smith** said the original proposal during the budget preparation process had \$100,000 of federal money and they also requested \$200,000 of general fund. That is the same program. It is a court-appointed special advocate/Guardian ad Litem. It is one program. Negotiations with the **Racicot** Administration reduced the general fund request down to \$100,050 each year then in the **Martz** budget, the remaining general fund of \$50,000 was removed.

*{Tape : 1; Side : B; Approx. Time Counter : 0.1 - 9.7}*

**Motion:** **REP. LEWIS** moved a conceptual **AMENDMENT TO TAKE \$50,000 FROM THE GENERAL FUND FOR THE CASA GUARDIAN AD LITEM PROGRAM.**

**Discussion:** **Rep. Tropila** spoke in favor of the amendment.

**Rep. Callahan** went on record to support the amendment saying he has worked with people in Great Falls who do a tremendous job and it is necessary for the kids.

**Rep. Buzzas** asked where the money would come from for this amendment? **Rep. Lewis** said there was some extra RIT money that he used to offset the general fund budget within the Conservation and Resource District Program in DNRC.

**Rep. McCann** asked if they are about \$20,000 short? **Rep. Lewis** said he is taking it back to \$50,000 general fund. They took out \$88,000 a year general fund on the previous amendment so he is taking out \$50,000 of that to put into this program and he will make up some more of that with a later amendment. **Rep. McCann** asked why was this program not included in the budget to begin with? **Rep. Lewis** said it was in the **Racicot** budget for \$50,000 but was reduced in the **Martz** Budget and he assumes it was part of trying to find places to cut when they were re-balancing the

budget. **Jane Hamman, Office of Budget and Program Planning** said **Rep. Lewis** is correct. It was part of the struggle to find the millions of dollars that had to be reduced.

**Rep. McCann** asked why cut a program with such sensitivity attached to it? **Ms. Hamman** said that they looked at it in part because it was involving volunteers and they felt that efforts could be made to try to recruit volunteers. It was a difficult decision and was one of the last reductions they made.

**Rep. Davies** spoke in favor of the amendment.

**Vote:** **Rep. Lewis amendment** to add \$50,000 general fund to the CASA Guardian Ad Litem Program **PASSED unanimously 18-0.**

**Motion:** **REP. JAYNE** moved that **AMENDMENT HB000205.ATP DO PASS.**  
**EXHIBIT** (aph50a01)

**DISCUSSION:** **Rep. Vick** said it appears that the language is contingent but the amendment strikes the dollars. It doesn't have contingency language. **Ms. Purdy** said the amendment is not contingent on passage of any other Bill. This would be a stand alone amendment to add funds for that purpose and then it does strike the other funding, however, if the Legislature or Committee wished that second strike where it does take the money away, it could be made contingent on passage of legislation required for the DUI change. **Rep. Vick** said then they both would have to be made contingent. **Ms. Purdy** said if the committee action on the first part of the amendment would be made only if the funds were to come out, then, yes it would need to be contingent. **Rep. Vick** said the way the amendment is currently structured, it takes \$458,000 out of the Department of Corrections, so there is no contingency language the way the amendment is written.

**Rep. Fisher** spoke against the amendment because the money they removed from the Secure Facilities at the Department of Corrections was meant as a reduction to the overall budget and all they are doing here is putting it back in.

**Rep. McCann** asked if there is money in the budget now for domestic violence? **Rep. Jayne** said she believes there is \$150,000 state special revenue that is in the legal assistance for indigent victims and was not utilized because it was not appropriated in the last biennium. **Rep. McCann** said that revenue is derived from a fee on court actions.

**Dave Brown, Legislative Fiscal Analyst** said it is \$150,000 the first year and \$75,000 the second year.

**Rep. Buzzas** asked if the need for these victims is not being met or are there portions of the state that do not have this service available to them? **Rep. Jayne** said under HB 303 the information was there were about 7000 domestic violence victims served throughout the State of Montana. Not all parts of the state have legal assistance so there is a need for attorneys for legal assistance for the victims. **Rep. Buzzas** spoke in favor of the amendment.

**Rep. Davies** commented that SB 505 from the last session, set up a system where there may be some state special revenue funds to cover this. **Ms. Smith** said that is correct. The last legislature established this fund in that Bill.

**Rep. Kasten** spoke against the amendment stating he feels there is already a resource to fund this Program.

**Rep. Vick** asked if all of that \$9 fee was spent and is that the only money for this program? **Mr. Brown** said he didn't believe that this spends all of the money accrued in the revenue flow. There are additional revenue funds there.

**Ms. Purdy** said the money in HB 2 is an addition to the money that is currently accruing into the account. **Rep. Jayne's** amendment is a further increase over the amount of money that the Dissolution of Marriage fee will bring into the account. The total amount of money going to the program under this amendment would be, in the first year \$150,000 plus \$83,000 and in the second year \$75,000 which is currently in HB 2, plus an additional \$375,000. It is all allocated for the purpose of indigent victims of domestic violence, for their legal representation.

**{Tape : 1; Side : B; Approx. Time Counter : 0.1 - 31.7}**

When that Bill passed, there should have been money added in HB 2 to allow them to spend it and that was the oversight **Ms. Smith** referred to.

**Rep. Fisher** asked if this amendment is for restraining orders from the court which require legal defense? **Rep. Jayne** said usually the advocates or a paralegal can fill out the paper work for a restraining order and help the victim file with the courts. At that point, the victim may decide to seek a dissolution of marriage or a custody order and would need legal assistance.

**Rep. Callahan** asked about the fund set up with the \$9 fund set up from divorce filing fees and how much is in the fund. **Ms. Purdy** said it is estimated that there is about \$175,000 in the account at present and the reason it is all allocated for the purpose of indigent victims of domestic violence for their legal representation. What happened was when that Bill passed, there should have been money added in HB 2 to allow them to spend it and that was the oversight that **Ms. Smith** was referring to. It did not get out of HB 2. What is missing is not the money or allocation to that purpose but the actual authority to spend it.

**Rep. Callahan** said it has been accruing, essentially, and there is \$225,000 in there currently. **Ms. Smith** said right now there is almost \$130,000 in that account. That was the collections from the first year of the biennium to date. Current projections show between \$60,000 to \$85,000 per year in collections. There could be a concern that not enough cash will be collected to spend all of this authority. There will be appropriation authority in this year of the biennium to spend \$175,000 of this cash. That would take care of the cash that has been collected to this point. That authority is worthless if it has no cash. The proposal in the budget will allow them to spend \$150,000 and then \$75,000 in the next year. These numbers were put in prior to putting that authority in the supplemental Bill.

**Rep. Lindeen** said, having been on the subcommittee, she was not aware of the fact that they were actually appropriating in the next biennium, the authority to spend a certain amount of money, that will come in to the state special account through the collection of these fees. If the money does not come in, will they be asking for another supplemental in the next session?

**Rep. Vick** said that what they have asked for is spending authority. There will be some money there. They are not exactly sure how much. They are collecting between \$60,000 and \$80,000 per year, so there will be some money. There is \$130,000 in the account now. **Rep. Lindeen** asked why they are asking for \$175,000 supplemental at this time? **Ms. Purdy** said the \$175,000 is the amount she was asked to write in the amendment because that was the amount anticipated to come in this biennium that they do not have anticipated authority for.

**Mr. Brown** pointed out that the amendment is general fund money and all the discussion has been about state special revenue.

**Rep. Vick** said it is a separate issue but the discussion started on the state special to find out how much money is available for the program to see if the extra money was needed.

**Rep. Callahan** spoke against the amendment.



**Rep. Jayne closed on the amendment.**

**Vote: Rep. Jayne amendment HB000205.atp FAILED 5-13 with Reps. Lewis, Brueggeman, Callahan, Clark, Davies, Fisher, Haines, Kasten, Lindeen, Pattison, Peterson, Witt and Vick voting no.**

### **Consumer Counsel**

**Bob Nelson, Montana Consumer Counsel** said this office is established by the Montana Constitution and they operate with a legislative consumer committee. Their budget has been reviewed and approved by their legislative committee before bringing it to this Legislature. The Consumer Counsel is charged with representing consumer interests before the Public Service Commission and related agencies, such as the FDRC and the FCC. They are involved in a lot of the restructuring cases but are also involved in a regional arena on electric restructuring in terms of regional transmission organizations and related issues. They are typically involved in the more mundane rate cases. They are involved in a lot of cases involving telecommunications and the restructuring going on there. They are involved in court cases, for example, in the appeal of an SCC decision with respect to universal service funding for QWest customers.

Their office is funded by a special revenue account and the revenue account is collected by tax regulated activities within the state as set forth in the Montana Constitution. The tax rate is based on their appropriation level and any unspent balance from a particular fiscal year is carried over as an offset to that tax rate. The tax rate is currently set at .800 of 1%. Sixty percent of their budget is in contracted services and their caseload causes significant fluctuation in their expenditures.

**Rep. McCann** asked why they are anticipating a heavier than usual caseload? **Mr. Nelson** said they have several unusual activities going on relating to restructuring in the electric industry as well as in the gas and telecommunications industries.

**Rep. Kasten** asked about the Williston-Basin Case that he alluded to earlier. **Mr. Nelson** said the Williston-Basin was restructured at the federal level into transmission and supply businesses. Since 1985 they have been involved in participating in the regulation of the transmission side of the Williston-Basin business. All of the Williston-Basin transmission costs are flowed through to the customers.

### **Chiropractic Legal Panel**

**Rep. Davies** said this panel reviews mal-practice claims and is the only professional group handled in HB 2. The total budget is \$15,000 a year.

### Governor's Office

**Chuck Swysgood, Director, Office of Budget and Program Planning** said basically the budget is present law adjustment. The one exception would be the new proposal for the Western Governors' Association which he reduced in his original budget.

**Rep. Lewis** said if he takes 17 FTE into the total personal services budget, he gets a figure of roughly \$54,000 a year for salary and benefits. The average state employee salary is about \$30,000. **Mr. Swysgood** said the two agencies, the Legislative Fiscal Division and the Office of Budget and Program Planning, perform different functions. The average for all staff in his office, including himself, is \$48,318.11. The average for the Legislative Fiscal Division is \$53,042.59. He disagreed with **Rep. Lewis's** figures.

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**Rep. Lewis** said the main reason for the question is, was there something else being added in beyond just salaries and benefits?

**Rep. Lindeen** referred to the \$15,000 for the dues to the Western Governors' Association. Is this in addition to the dues they have been paying or have not been paying up to this point and if they haven't been will the state still participate without paying dues? **Mr. Swysgood** said there was a request for \$60,000 in previous administrations budgets for the Western Governors' Association dues and he reduced that by half figuring they could make it up somewhere else in the budget and that might not happen now with everything else that is going on. **Mr. Brown** commented that they have not paid these dues in the past, that this is a whole new program. **Rep. Lindeen** said then we have been participating in the past without paying dues. **Mr. Brown** said that is correct.

**Rep. Peterson** asked **Mr. Swysgood** if it is justified to have a private aircraft for the Governor? **Mr. Swysgood** said Montana is a big state and its practically impossible to get to some places without some means of air travel and to rely on the commercial service is difficult. They feel very strongly this airplane is a necessary component for the Governor and is also used by others.

**Rep. Fisher** referred to the \$150,000 of state special revenue for the Tribal Economic Development Commission and did they spend that same amount last year? **Mr. Brown** said they did have \$150,000 appropriated in this budget and they spent about \$75,000 in the current biennium and are requesting just to carry that funding forward into the next budget. His understanding is they are working on economic development for the Tribes in the State of Montana.

**Rep. McCann** asked why the \$2 million of federal revenue is coming in and what will it be used for? **Mr. Brown** said they don't actually have that funding yet. They are in the process of making those applications and anticipate receiving that federal funding so they want to have the authority available when they actually get the funds. They have a list of requirements in HB 21 to go out to the Reservations in Montana and make assessments of the economic development trends.

**Rep. Pattison** asked about transitory funds for moving new department heads into offices. **Mr. Swysgood** said the \$50,000 is available to the incoming administration for transition costs.

**Motion:** **REP. McCann** moved a **CONCEPTUAL AMENDMENT TO ELIMINATE THE WESTERN GOVERNOR'S ASSOCIATION DUES.**

**Discussion:** **Rep. Witt** said he was confused about the dues to the Western Governors' Association Conference. **Rep. Lindeen** said that is the point being made here is that they have participated in this conference without paying dues. **Mr. Brown** said yes, that is correct.

**Rep. Buzzas** said this is a similar situation they dealt with in the Legislative Branch when they eliminated CSG funds. **Rep. Vick** said they didn't eliminate those funds but if this amendment passes he will offer one to eliminate those funds as well.

**Rep. Davies** said he would support this amendment if this is how they have been handling the situation.

**Rep. Lindeen** said, based on the comment by **Rep. Vick** that if this amendment should pass he would offer an amendment to cut the dues for CSG, she had a question for **Mr. Schenck**. He said the legislative branch participates in two organizations. In regard to legislative staff in general, they use both organizations extensively to answer a lot of questions legislators ask. **Rep. Lindeen** asked if we were to go into the base and cut what the legislative branch has been paying to CSG, what kind of effect would it have on the staff, if any? **Mr. Schenck** said they did

not pay the dues to NCSL for at least one biennium, maybe two, and paid less than the full amount to NCSL for some time. They are currently paying only half to CSG. They did not cut them off. If you do not pay these national dues, someone else is paying for you. It is troubling for staff to be taking the service free. **Rep. Vick** said that is his point. They did go for several years without paying and they still got the service and since the Governor's Office is doing that, they have said they should at least try to pay half of the dues.

**Rep. Kaufmann** had a question concerning the parallels of the two services between the Governor's Office and the Legislative Services Division. **Rep. Vick** said his understanding is, in the base budget, for the legislative branch there are dues for NCSL and half of the dues for CSG. They had a new proposal to pay for, not dues, but participation in NCSL programs and the remainder of the dues for CSG and some participation money in that as well. In the Governor's office there is no money in the base for the Western Governors' Association so any money that would be for dues in there would have to be as a new proposal because there isn't any in the base.

**Rep. Lindeen** said that is correct.

**Rep. Peterson** said he could justify paying half of the dues.

**Motion:** **REP. MCCANN** moved a **SUBSTITUTE AMENDMENT TO PAY \$15,000 FOR DUES for the Biennium.**

**Discussion:** **Mr. Swysgood** said the dues are \$30,000 per year and \$60,000 for the biennium. **Rep. Vick** said the amendment would pay one-quarter of the dues.

**Rep. McCann** withdrew his substitute motion.

#### Secretary of State Office

**Rep. Davies** said this is all proprietary funding. The subcommittee accepted increases proposed which resulted in an additional \$41,000 more revenue to the Secretary of State's Office.

*{Tape : 2; Side : B; Approx. Time Counter : 0.1 - 28.3}*

#### Commissioner of Political Practices

**Linda Vaughey-Boyd, Commissioner, Political Practices**, said, in addition to the campaign finance responsibilities, they have additional responsibilities of monitoring the compliance of

lobbyists with statutes and disclosure of expenditures by principals who support those lobbyists. In 1995 the legislature attached two responsibilities; the administrative and ethical standards of conduct for employees, legislature's public officers.

They do collect from each lobbyists a fee of \$50 to register. The registration is for a two-year period and in the 1998-99 period they collected in excess of \$2,000. They also have the responsibility of undertaking investigations of complaints.

**Rep. Davies** said over-all the subcommittee reduced the Commissioner's budget by \$3,162.

*{Tape : 3; Side : A; Approx. Time Counter : 0.1 - 3.4}*

**Rep. McCann** asked about raising the fees for lobbyists from \$50 to \$200 every two years and put the revenue, over and above what the Commissioner of Political Practices needs, in the general fund for education.

**Ms. Vaughey-Boyd** said the last time the lobbyist fees were increased was in 1993, from \$10 to \$50 and currently the revenue that they collect is turned into the general fund.

**Rep. Peterson** asked if there were any figures on comparative fees in surrounding states? **Ms. Vaughey-Boyd** said that fees vary widely.

**Rep. Fisher** commented about the forms they have to fill out.

**Ms. Vaughey-Boyd** said some of the forms are awful, however, the difficulty they have is a certain body of law that contains a lot of rules and regulations and they have to incorporate those rules and regulations into the forms. They are under constant revision.

**Rep. Kaufmann** asked if there are any states that charge differential fees to lobbyists based on the assets of the principal? **Linda Boyd** said she is not aware of any states doing that. **Rep. Vick** asked if all of the people who are here on behalf of the government agencies pay a lobbyist fee? **Ms. Vaughey-Boyd** said yes they do, that was a change that was made when the lobbyist fees were increased. State agencies are required to register the lobbyists and pay \$50 per person.

**Rep. McCann** asked how many registered lobbyists do they have right now? **Ms. Vaughey-Boyd** said in excess of 600. The numbers are down. In the last authorization period 1999-2000 there were 839 lobbyists, 486 principals.

**Rep. Peterson** referred to students coming in. Do they operate under the general fee for the University or does each pay individually or just one fee for the University? **Ms. Vaughey-Boyd** said the Alumni Associations have lobbyists that they pay for.

**State Auditor's Office**

**John Huth, Administrator, Centralized Services, State Auditor's Office** said the State Auditor is the Commissioner of the Insurance and Securities Industries in the State of Montana. They license, register and regulate those industries. He is also a member of the Land Board.

The State Auditor's office has three programs: There is a central management program which does the accounting and clerical work. In the insurance program they license all insurance companies and insurance agents. They receive complaints and have a policy-holder services division that receives any complaints from consumers or from industry people. They have an examinations' division to examine all insurance companies to make sure they are financially solvent. They have insurance investigators who are a criminal investigation unit who receive complaints such as fraud.

On the security side they register all the brokers, agents and insurance companies in the State of Montana or those who do business in Montana. There are approximately 1400 brokers in the State of Montana but they register approximately 14,000 because there are roughly 12,000 out-of-state brokers. They also have an investigation unit in the Securities Department.

**Rep. Davies** said the State Auditor's Office is operated on state special revenue funds. The subcommittee didn't make any changes in their requested budget but included the recommendation of the **Martz** budget and present law adjustments. The total result was they reduced that budget by \$4,135 which includes \$454 in the general fund.

**Rep. Buzzas** asked **Mr. Huth** a question concerning his statement of registering the in-state brokers and if they are charged a registration fee? **Mr. Huth** said yes. It is \$50 per agent and \$200 per firm. The same fee is charged for out-of-state brokers.

**Rep. McCann** asked **Mr. Huth** for his thoughts on the committee doing a small committee bill on adjustments in the cost of doing business in the State of Montana from out of state firms. **Mr. Huth** said he opposed the idea. The Securities Department has a budget of roughly \$500,000 and the securities industry will submit to the general fund between \$6 million and \$8 million.

**Rep. McCann** asked what are surrounding states charging for these

fees to participate in their states? **Mr. Huth** said he would be happy to get that information.

**Motion:** REP. DAVIES moved that TECHNICAL AMENDMENT SECA\3401-1MBL.DOC DO PASS. **EXHIBIT**(aph50a02)

*{Tape : 3; Side : A; Approx. Time Counter : 3.4 - 22.4}*

**Discussion:** Rep. McCann asked for an explanation on the amendment. Rep. Davies said this reflects the subcommittee action to restrict \$12,000 each year for securities examinations.

**Mr. Brown** said this is a mathematical correction.

**Mr. Huth** said, historically, the Securities Department has had the \$12,000 language for examinations and that was approved in subcommittee. When it came out on HB 2 it was \$24,000 but all they want is \$12,000.

**Vote:** Rep. Davies Technical amendment (Exhibit 2) PASSED UNANIMOUSLY 18-0.

**Motion:** REP. VICK moved that TECHNICAL AMENDMENT HB02-HAC\SEC A\2110-1AS-TECHNICAL.DOC DO PASS. **EXHIBIT**(aph50a03)

**Discussion:** Ms. Purdy said it is critical for agencies that none of the money they intend to spend in operating expenses, include personal services. This amendment will move money from personal services down to operating expenses.

**Vote:** Rep. Vick Technical Amendment (Exhibit 3) PASSED UNANIMOUSLY 18-0.

#### Public Defender

**Rep. Davies** said the Public Defender provides legal counsel for indigent persons who have been convicted and who then appeal district court convictions or petition for post-conviction relief from district court proceedings. The Public Defender also aids the commission by compiling and maintaining a current roster of Montana attorneys who are eligible to serve as trial and appellate defense counsel for the indigent. The subcommittee decreased from the executive budget \$7,430 for the biennium. That was due entirely to the legislature denying a request for increased costs for training.

*{Tape : 3; Side : A; Approx. Time Counter : 22.4 - 30.3}*

**Department of Transportation**

**Dave Galt, Director, Department of Transportation** said the Department of Transportation serves the people of Montana by constructing and maintaining Montana's highway system, Interstate or national highways, primaries or secondaries and Montana's urban secondaries. They take care of the trucking industry in the State of Montana and run the Weigh Stations, commercial and farm vehicle enforcement, and license and collect fuel tax and special permits for every trucker that operates and lives in Montana but operates outside of Montana.

They also have an Aeronautics Division that serves all the airstrips and small airports in the State of Montana along with pavement preservation work at the major airports. They take care of bus issues, transportation issues for the elderly and bicycle-pedestrian facilities.

A report from the Legislative Auditor had to be changed because of the way they accrued their Type-A accruals which are for goods and services received after June 30 on a fiscal year. In the past, they just accrued those and with federal funds, they understated their state revenue. That resulted in an audit exception on their audit with the Department.

They manage a revenue fund entirely within the Department of Transportation. Funds that are used to match federal dollars and used to pay for highway maintenance or support of the Department of Transportation come primarily from diesel fuel taxes, gasoline taxes and fees for heavy trucks. They make up the highway special revenue account which is what they monitor as they set their budget.

**Rep. Davies** said the legislative budget was roughly \$24.8 million higher than the executive budget for the 2003 biennium and budget approved by the legislature reflects an increase of \$142.7 million for the biennium over the base. That is 13.2% increase over the 2001 biennium. The reasons for this is the addition of \$17.1 million in federal funds for a federal sanction associated with open container repeat drunk driver laws, the elimination of \$0.5 million general fund associated with the Governor's drinking and driving prevention program and the addition of \$11.3 million in federal funds earmarked for local transportation and economic development needs.

**Rep. Kaufmann** asked what is the overall budget for all federal funds? **Director Galt** said the total is over \$1 billion for the biennium, about \$520 million or \$530 million each year. Federal funds are given in a variety of categories but the larger ones



are interstate highway system, NH highway system, state transportation funds, and others. There is flexibility in each of those programs and they try to work with local communities when they can but there are significant guidelines for each of those programs. **Rep. Kaufmann** asked how much of the \$1 billion goes toward bicycle and pedestrian safety issues? **Mr. Galt** said he would get that information.

*{Tape : 3; Side : B; Approx. Time Counter : 0.1 - 10.3}*

**Rep. Lewis** referred to the Forestvale Exit which has been in the budget for a long time, approved, ready to go to contract and stopped as a result of some litigation from the Montana Environmental Information Center. What are the plans for that exit? **Director Galt** said right now they have let a consultant contract to do the study. The original environmental study was not deemed adequate enough. The money for that exit is still obligated so it may be there in the future pending that study. **Rep. Lewis** asked if the Department had a position on Forestvale? **Mr. Galt** said he intends to do something.

**Rep. Tropila** asked about the Emerson Junction Interchange in his area. **Mr. Galt** said it is under review.

**Rep. Lindeen** referred to the addition of \$17.1 million for the federal sanction. Will the State be charged for that sanction? **Mr. Galt** said that sanction is already in play. They are going to be faced with a serious problem when that money is gone and that is about \$15 million.

In response to a question from **Rep. Jayne**, **Mr. Galt** explained the use of sand and winter deicer for problems with ice to provide traction.

**Rep. Fisher** asked about the secondary road system that was taken from the counties the last Session and the Department asked for 88 new employees to pick up the workload. The counties said they were not going to cut any employees. Why is the Department asking for 104 more employees to take care of the maintenance on the secondary roads in the amount of \$15 million? **Mr. Galt** said secondary roads require the department to take over many miles of paved secondary highways. The reason for that is the county government could no longer afford to maintain those highways in such a manner to meet the requirements of the Federal Highway Federation. A lot of the counties received such a small allocation of funds that they could never build a very large project. The county governments would never lower their standards. They re-focused their efforts on roads that were not

part of the secondary system and the rest of their network. He referred to Page A-64 of the Narrative.

**{Tape : 3; Side : B; Approx. Time Counter : 0.1 - 30.1}**

**Rep. Kasten** referred to some of the local roads in his area and the work that needs to be done. **Mr. Galt** said he is aware of the problem and there is a project started.

**Motion:** REP. BRUEGGEMAN moved that AMENDMENT SEC A\5401-1AS.DOC and Sec A\5401-2as.doc DO PASS. **EXHIBIT**(aph50a04)  
**EXHIBIT**(aph50a05)

**{Tape : 4; Side : A; Approx. Time Counter : 0.1 - 4.3}**

**DISCUSSION:** **Director Galt** said these are monies from the aviation tax fund, not the highway special revenue tax fund and this was an error on their part. Both of these amendments allow them to make better use of federal money and put more services out to the aeronautics' community in the State of Montana.

**Vote:** Rep. Brueggeman technical amendments (Exhibits 4 and 5)  
**PASSED UNANIMOUSLY 18-0.**

**Rep. Pattison** asked a question concerning the vehicle equipment replacement, Page A-69 of the Narrative. **Mr. Galt** said for cars, it's about 80,000 miles. **Jim Hyatt, Equipment Manager**, referred to an economic life-cycle model with the equipment program and look at the cost of a new unit, the cost of maintaining the old unit and price compare where that life would be, as well as looking at life years and miles. A car might have 100,000 life, a six-year cycle and a pickup may have 150,000 miles on it and a 10-year cycle, dump trucks are around 20 years and 250,000 to 300,000 miles or more. It depends on the class of vehicle, the type of vehicle and the usage.

**Rep. Lindeen** referred again to the cut of almost \$500,000 for the local DUI Prevention Task Force. In relation to the soft sanction money and if she understood correctly, it has to be spent on public safety programs? **Mr. Galt** said the programs help to deviate DUI offenses in the first place. They have to be new programs.

**Rep. Witt** referred to a petition that was filed with the District Chairman on the Highway Construction Project from Fort Benton to Great Falls. He asked what the Department Inspectors know of this project? **Mr. Galt** said he just reviewed a packet of information including that petition and response back by the

District Administrator of Great Falls. As he understands, that was a preventative maintenance program and basically, what those programs and projects are, within the life of a highway, they go in and do crack sealing and chip sealing and light overlays to extend the life of the project. That project is a thin overlay that was designed to provide pavement preservation and longer life of that road until the time it can be reconstructed.

**Greg DeWitt** referred to page A-53 of the Narrative. He updated the committee on some revenue estimates from the Taxation Committee. They adopted some revenue estimates and some of the significant non-general funds were the gas, diesel tax and GVW fees that fund this Department. The Taxation Committee lowered the estimates for the years 2001 through 2003 by \$17.5 million. He referred to the column of the Legislative Fiscal Division's estimates, showing a negative figure by about \$2 million. The account is sitting in a precarious situation and the Committee should know about this when appropriating money.

**Rep. Lewis** said any Department has the authority to borrow from other funds so the Department of Transportation could cover cash flow. If they have a cash flow program because of waiting for reimbursement from the federal government for a project, there are options. This is an issue as **Mr. DeWitt** has said but it is not a crisis.

**Mr. DeWitt** said his point was just to update the committee on the numbers.

**Director Galt** said **Mr. DeWitt** gave an important difference between Legislative Fiscal Division's numbers that generate full appropriation and their cash flow, they call long range financial planning documents, which show what their ending fund balance is. When he talked earlier he said they are a little different than most agencies because they have to manage this fund. 70% of the money generated from gasoline, diesel and GVW fees that go into Highway Special Revenue account are under the direct control of the Department of Transportation, 30% are other places.

**Rep. Vick** asked if the revenue estimate just finished in Taxation will effect these funds significantly? **Mr. Galt** said he thinks the revenue estimates affect these funds significantly but they are numbers they believe they can live with and have factored them into their long range financial planning document.

**Motion/Vote:** **REP. DAVIES** moved to **CLOSE SECTION A OF HB 2 DO PASS.** Motion carried unanimously 18-0

#### **SECTION B OF HB 2**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Rep. Lewis** thanked all the staff and committee members that worked on the Health and Human Services budget in subcommittee. He referred to Page B-1 of the Narrative, saying the General Fund total is \$509.3 million, the state special funds are \$83.5 million and \$1 billion of federal money with a grand total for the biennium of \$2,042,999,794. It is almost 25% of the general fund. It is a tough budget with lots of tough decisions. He referred to the major issues.

**{Tape : 4; Side : A; Approx. Time Counter : 0.1 - 30.7}**

**Gail Gray, Director, Department of Health and Human Services** said she is appearing before the Committee in terms of some things they need to have for a balanced budget and one that will not require a supplemental in the next biennium. Areas that need to be addressed include the revenue areas, places in which they can get money in order to balance the budget. Their numbers are consistent with the Governor's budget office. They have a situation where they think the case loads were projected a little too low or the cost for service was a little too low.

**Chuck Swysgood, Director, Office of Budget Program and Planning** expressed his appreciation to the Department and the Legislative Fiscal Division for continuing work on a very difficult budget. This budget is immense in complexities and one that takes untold hours by those involved to come to some of the conclusions here today. He related to and read from **EXHIBIT (aph50a06)**

**Rep. Lewis** said they had some differences of opinion as far as the projections about the nursing home program, the mental health services plan program. The committee was comfortable with the projections made by the fiscal analyst. It is a difference in projection methodologies and a fair difference of opinion as to what the numbers mean exactly so they are waiting for a little more data before they make a final decision.

**Rep. Buzzas** referred to the matter of the assets test, given that the Office of Budget Program and Planning are now asking to replace the funding that they anticipate would have covered that expense and also indicated that **Governor Martz** is in favor of eliminating the assets test. With these changes what will happen now with the assets test? **Mr. Swysgood** said they are in negotiation with the folks that are concerned about this particular item and also the **Governor** in trying to figure out how they can proceed forward with this. Right now the money that is available to expand Medicaid are shortfalls in that program.

**Rep. Jayne** asked **Mr. Swysgood** about his negotiation and who are the people involved. **Mr. Swysgood** said that would be the Governor's office, himself and various groups.

**Rep. Lewis** said basically what the subcommittee did was adopt the funding for SB 332 which eliminated the asset test. It would allow more people to go on Medicaid and the result of that is many children on the CHIP program would go on Medicaid freeing up more slots in CHIP for more children in the future without expanding the CHIP program. So they rejected the proposal from the Governor to expand the CHIP program, endorse this Medicaid asset test change because they got more spots for children without increasing the eligibility level for CHIP.

**Motion:** **REP. LEWIS** moved that **HB 2 BE AMENDED to reduce Medicaid expenditures by \$2 million each year general fund.**

**EXHIBIT** (aph50a07)

**Rep. Jayne** referred to the request of **Director Swysgood** to restore about \$1.2 million to the Mental Health Services Plan Program. Was that the amount that the subcommittee reduced?

**Lois Steinbeck, Legislative Fiscal Division** said yes. There were two reductions to the State Fund and Mental Health Services program. The first was a reduction of about \$3.9 million general fund over the biennium due to estimates by the Executive. That was a request that the Executive made. The second reduction was for the \$1.3 million general fund and that was due to the difference in the staff estimates of the Mental Health Services Plan versus the Executive estimates. The primary difference was she took a six-month average of a per capita cost and the Executive selected the month of May. **Rep. Jayne** asked when the subcommittee reduced it by \$1.27 million, what was left in the Mental Health Services Plan at that time? **Ms. Steinbeck** said it was about \$10 million general year each year of the biennium plus some federal funds.

**{Tape : 4; Side : B; Approx. Time Counter : 0.1 - 28.8}**

**Rep. Kaufmann** asked why this failed in committee and what the nature of the opposition was? **Rep. Lewis** said **Sen. Cobb** wanted to use some of this money to expand services to children with mental health problems and that motion failed and they left it in negotiations.

**Rep. Jayne** asked about a clarification on page B-5, line 1, EXHIBIT 7 where \$50 million is struck and \$48 million is inserted. **Rep. Lewis** said they added it back into state special revenue. **Rep. Jayne** stated that she would oppose this amendment.

**Rep. Lewis** explained his amendment saying he felt the trade-off was to use the money to pay for the provider rate increases.

**Rep. Buzzas** asked if they pass this amendment will we lose CHIP expansion? **Rep. Lewis** said there wasn't a direct trade-off here but if they get into the issue of the asset test, that is where they get into the CHIP expansion. The way the budget stands now, CHIP is 150% of poverty and they didn't have the money to do that. Unless something can be worked out with this Medicaid trade-off, it doesn't look like they will be able to provide any additional slots. **Rep. Buzzas** asked what is happening with the inter-governmental transfer of funds? **Rep. Lewis** said it is not being used to match Medicaid and because of the increased match they are able to give more money to everyone involved with the program and use it to offset through the general fund.

**Rep. McCann** referred to the inter-governmental transfer and where does the funding come from? **Rep. Lewis** said it is basically mill levy money. **Ms. Steinbeck** explained that an inter-governmental transfer is a specific part of the Medicaid program. What it describes, in one particular instance, are additional Medicaid payments that can be made to publicly owned but not state-owned facilities. A good example would be a county-owned nursing home. Medicaid rules allow states to increase Medicaid payments to these kinds of facilities to an allowable upper limit. What happens is the counties send in funds that they already spend on their nursing homes. They match that to draw down all the available federal match they can, send the counties their money back as well as the additional federal funds. In this case, they think they will give them about \$2 million. That will generate another \$5 million in federal match, they send that back to the counties, they keep \$4 million and send the state \$3 million back. \$2 million of this is what **Rep. Lewis** is using in his motion to offset the general fund. **Rep. Lewis** said the counties actually double their money.

**Rep. Lewis** closed on his amendment.

**Vote:** **Rep. Lewis** amendment PASSED 17-1 with **Rep. Jayne** voting no.

**Motion:** **REP. LINDEEN** moved that **AMENDMENT HB000201.AGP DO PASS.**  
**EXHIBIT** (aph50a08)

**Discussion:** Without objection, **Rep. Michelle Lee, HD 26** spoke to the committee regarding the **Lindeen** amendment and explained EXHIBIT 8.

**Rep. Lewis** said this allocated the balance in the TANF reserve in areas where they thought it would help more people to get off of the FAIM (welfare) Program. One area that **Rep. Lee** referred to is \$3 million that was given to Head Start to provide 12 month coverage. In other words, they wanted to provide programs that help people, who are just coming off of the cash assistance programs and are going into lower-level starting jobs, by reducing child care expenses. His concern is the proposal to go to a pilot program for HB 122 as he doesn't understand how that would work. He is satisfied with the program they put together with the TANF reserve.

**Rep. Buzzas** asked if this would be a state-wide pilot program?

**Rep. Lee** said it would have to be limited to counties and not state-wide, particularly with the termination date. Eligibility would be determined whether they opted in or out of FAIM and other conditions.

**Rep. Jayne** said she supports the Child Support Assurance Pilot Project.

**Rep. Kaufmann** asked if all of the money is spoken for that has come out of subcommittee, is there no leeway at all? **Rep. Lewis** said yes, they appropriated all of the money as they basically wanted to pull that balance down before the federal government re-authorized the program. They were concerned about losing that balance, so they worked with the various interest groups and the department to do that.

**Rep. Clark** said she would resist the amendment stating that a new program will serve less children and our objective is to serve as many as they can with as little funds as they can.

**Rep. Jayne** asked if it is possible to fund this amendment through FAIM Phase 2 with the TANF funds that come in every year? **Pat Gervai** said the subcommittee did include in HB 2, appropriation of all prior or carry-over funds and all current year grant funds so in order to fund a new item that is not currently included in HB 2 within the TANF Federal Grant, they would need to reduce another item.

**Rep. Kaufmann** asked if there might be monies from last year that the Department did not spend?

*{Tape : 5; Side : A; Approx. Time Counter : 0.1 - 31}*

**Rep. Lewis** said that the Department was required to report to every meeting of the Finance Committee, progress on the expenditure and the Interim Children Families Health and Human

Services Committee as well. The Department understands specifically what the subcommittee desired and check points were set up for these reports.

**Rep. Lindeen** closed on her amendment.

**Vote:** Rep. Lindeen amendment HB000201.agp FAILED 5 - 13 with Reps. Lewis, Brueggeman, Buzzas, Clark, Davies, Fisher, Kasten, McCann Pattison, Peterson, Tropila, Witt and Vick voting no.

**Motion:** REP. JAYNE moved that AMENDMENT HB000208.AGP DO PASS.  
**EXHIBIT** (aph50a09)

**DISCUSSION:** Rep. Tropila asked Rep. Jayne to amend her amendment to add the Little Shell Chippewa Tribe be recognized in this biennium and that they partake in this? Rep. Jayne said yes.

**Rep. Lewis** said he would resist the amendment because they have appropriated a substantial increase on line item for Tribal Projects. The Salish-Kootenai and Fort Belknap are running their own programs. He is not sure what they can do on those reservations because they have taken over administration and operation of their own programs.

**Hank Hudson, Department of Health and Human Services** said HB 2, as it stands now, makes about a \$5.4 million draft allocation to Tribes. All of the programs are available to every citizen in the State of Montana and spending on cities and counties with Reservations the same as it is in other counties.

**Rep. Buzzas** asked for some clarification on the amendment figures and **Rep. Jayne** gave an explanation.

**Rep. Jayne** closed on her amendment.

**Vote:** Rep. Jayne amendment HB000208.agp FAILED 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.

**Motion:** REP. JAYNE moved a CONCEPTUAL AMENDMENT THAT WOULD RESTRICT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO USE THE FUNDS FOR TRIBAL GOVERNMENTS ONLY.

**Discussion:** Rep. Lewis said the language in the Bill does not restrict the funds. The intent in subcommittee was to get the money spent and if there was one of these projects with some problem and the money did not get allocated correctly, or the participant wasn't able to use the money in a timely manner, they



wanted the ability to move it somewhere else. The intention was that the money would go to the Tribes.

**Mr. Hudson** said the Department is very clear on the intent of the subcommittee to get the money spent and get it spent in the categories that were set out. They do worry about restricting the money because it is hard to anticipate exactly where the demand is. He does recognize the concern of **Rep. Jayne** but the Department would like to keep the flexibility.

**Rep. McCann** asked how will this amendment work with the Fort Belknap Tribe who has their own TANF Program? Will they be able to participate in any of the programs that are earmarked for the Tribes? **Mr. Hudson** said their legal counsel's interpretation of the federal law is that the Tribe takes its own program over, their amount of money is removed from the block grant and given directly to the Tribe and federal law says they can't draw on both a state block grant and then their own block grant. He believes these activities will be targeted toward five Tribes. **Rep. McCann** said he and **Rep. Jayne** both represent reservations that have Tribal government that have taken over the TANF funds. Is that her understanding as well? **Rep. Jayne** said yes, it is.

**Rep. Fisher** said one of the problems they had with the CHIP Program was getting the word out to the people that it was available. There are plenty of funds available to the Tribes as well as anyone else. There is an Inner Tribal Council that has been funded \$150,000 for the biennium to promote things within the Tribe. Perhaps this is something that could be introduced to them and make it known to the Tribes the availability of these and help them establish a program similar to what the other two have done.

**Rep. Kaufmann** spoke in favor of the amendment. The Department wants maximum flexibility and they have a record and a history over the last four years of asking for a lot of spending authority and appropriations and then not spending the money. They want flexibility to be able to do that but what they need is structure.

**Rep. Buzzas** asked if any of these monies would be able to go to the urban Indian populations like the one she represents or is it strictly limited to the Tribes. **Rep. Jayne** said it would be for any tribal member who is an enrolled member whether or not they live on the reservation or not.

**Rep. McCann** said the programs are labeled Tribal Projects, Tribal New, Other non-traditional Training Programs, Tribal so **Rep. Jayne's** concern is this money is going to be moved around in the

interim. Will it happen, if the programs are labeled such as this, they are restricted to where the money can be moved?

**{Tape : 5; Side : B; Approx. Time Counter : 0.1 - 30}**

**Rep. Jayne** said the information that has been given to her by the Tribes is that these monies may not get to them, in fact, there is no guarantee that any of the other line-item participants are going to get their money.

**Rep. Vick** said he will support this motion because he has seen this happen many times in other budgets where they intended something to be spent a certain way and it ends up not being spent that way.

**Rep. Callahan** asked how this money actually does get spent? **Rep. Lewis** said it will be up to the division in the local offices to enter into contracts or agreements with various recipients to allocate these funds.

Speaking again on flexibility, **Rep. Lewis** said, if there is a big case load increase, first and foremost, they have to pay cash assistance so that is his concern about too much restriction.

**Mr. Hudson** said in the case of the Tribal projects, the Department's intent is to contact Tribal officials to arrange contracts and a plan how the money would be spent. They would bill the Department and they would pay the Tribes. It has to be spent on TANF people and TANF eligible purposes. It has to be held accountable that it is spent in the way HB 2 was designed.

**Rep. Kasten** spoke against the amendment because he feels they should keep the flexibility.

**Rep. Buzzas** said there should be restrictions to make sure these monies are spent a certain way.

**Rep. Witt** spoke for the amendment.

**Rep. McCann** asked when money is restricted, what is the end result in the event that the money is not spent in that line item? **Ms. Gervai** said if the line item is restricted and not expended, then those funds would remain.

**Rep. McCann** spoke in favor of the amendment.

**Ms. Purdy** asked for a point of clarification. She asked **Rep. Jayne** if her motion would include clarifying language to include the Little Shell-Chippewa Tribe and also to include any qualified

enrolled Tribal members? **Rep. Jayne** said that would be appropriate.

**Rep. Vick** said on Page B-18, the amount of \$2,014,950 on line 2 and the amount of \$1 million on line 5 would be restricted.

**Rep. Jayne** closed on her amendment.

**Vote:** **Rep. Jayne's conceptual amendment** to restrict the Department of Health and Human services to use the funds for Tribal Governments only **PASSED 13-5 with Reps. Lewis, Clark, Davies, Haines and Kasten voting no.**

**Motion:** **REP. KAUFMANN** moved that **AMENDMENT HB000201.ajt DO PASS. EXHIBIT (aph50a10)**

**Discussion:** **Rep. Lewis** said he has concerns about the restrictions but will think of some wording to deal with the issue and will take it up in the Senate but he does not oppose the amendment.

**Rep. Kasten** opposed the amendment.

**Rep. Buzzas** spoke in support of the amendment.

**Rep. Kaufmann** closed on her amendment.

**Vote:** **REP. KAUFMANN AMENDMENT HB000201.ajt PASSED 15-3 WITH REPS. CLARK, KASTEN AND MCCANN VOTING NO.**

**Motion:** **REP. MCCANN** moved that **AMENDMENT HB000220.agh DO PASS. EXHIBIT (aph50a11)**

**Discussion:** **Rep. Lewis** said the TANF program is basically to deal with getting families off cash assistance and into a work situation, giving them support when they are in that transition period.

**Rep. Buzzas** said those kids have to be eligible for the TANF Program in order to do the Summer Employment Program so that should not be an issue.

**Ms. Gervai** said the program would need to be structured within the federal guidance on TANF. The federal guidance on eligibility allows for different eligibility for different programs.

**Rep. Lewis** asked **Rep. McCann** the intent of his amendment. **Rep. McCann** explained his amendment EXHIBIT 11.

**Rep. McCann** closed on his amendment.

**Ms. Purdy** asked if the amendment needs to be changed to June 2002 because **Rep. McCann** is referring to the funds that would be expended in the 2003 biennium. **Rep. Vick** said, if they don't do this until June of 2002, that would be the only summer left in the 2003 biennium and he wasn't sure there would be the opportunity to do anything with it. **Pat Gervai** said if the committee wants to fund a program in the summer of 2002, they might wish to change the date to a January or March 2002 so there would be a program up and running by the summer of 2002. **Rep. McCann** changed the date from June, 2002 to March, 2002.

**Vote:** **Rep. McCann's** amendment HB000220.agh PASSED 16-2 with **Reps. Haines** and **Vick** voting no.

**Motion:** **REP. LEWIS** moved that AMENDMENT HB000204.als DO PASS. EXHIBIT (aph50a12)

**Discussion:** **Rep. Buzzas** asked what this will do in terms of court ordered placements for out-of-state? **Rep. Lewis** said he didn't think it would effect it. All this refers to is they have to have a plan to try to minimize the number of out-of-state placements.

*{Tape : 6; Side : A; Approx. Time Counter : 0.1 - 30.9}*

**Rep. Jayne** asked if this is not done will they not get the appropriation? **Rep. Lewis** said that is correct. They have to have a plan in place or it would restrict the appropriation.

**Vote:** **Rep. Lewis'** amendment HB000204.als PASSED UNANIMOUSLY 18-0.

**Motion/Vote:** **REP. BUZZAS** moved that AMENDMENT HB000202.APG DO PASS. EXHIBIT (aph50a13) Motion carried unanimously 18-0.

**Motion:** **REP. BUZZAS** moved AMENDMENT HB000203.APG. EXHIBIT (aph50a14)

**Discussion:** **Rep. Haines** asked for an example of a high-wage, high-skill job. **Rep. Buzzas** said one might be a highway construction job.

**Rep. Jayne** asked which line-item was **Rep. Buzzas** speaking to in her explanation of her amendment? **Rep. Buzzas** said "Other non-traditional training programs, non-Tribal".

**Rep. McCann** said he was unclear where the money is coming from and what base program is it? **Rep. Buzzas** referred to B-1 Line 4 of HB 2.

**Ms. Gervai** said this amendment takes money out of the base budget for the Human and Community Services Division so it would entail the Department targeting some of the money they currently spend or re-evaluating their use of TANF funds that are in the base to fund this item.

**Motion:** **REP. LEWIS** moved a **SUBSTITUTE AMENDMENT, PAGE B-18, TO REDUCE BY \$500,000 FOR THE BIENNIUM to the program Rep. Buzzas is suggesting.**

**Discussion:** **Rep. Kauffman** asked if this substitute amendment would also have the effect of moving it from an ongoing appropriation to a one-time-only because of the nature of the funds and do you want that? **Rep. Buzzas** said yes.

**Rep. McCann** referred to the non-traditional training programs in the non-tribal line-item amendment. What was the intent of that money? **Rep. Lewis** said this was the program that **Sen. Cobb** was involved in last session. Basically, training people who work on construction and it worked out well so this is to expand that.

**Rep. McCann** asked where the training takes place? **Rep. Buzzas** said it is disbursed around the state. There are several programs going on now. **Kate Heleva, Center for Policy Analysis and Community Change**, said her understanding is that there are grants where the Bill gives money to the Office of Higher Education who put out grants for training for high-wage jobs. They believe they could get \$2 million expended by December, 2002 if that kind of money was available. The training is throughout the state. There is one in Missoula, one in Kalispell and one in Bozeman.

**Rep. Kasten** said the non-profit organizations who operate the training are throughout the state.

**Rep. Fisher** said this is similar to the program in the Job Service Division of the Labor and Industry that were eliminated called "Eliminate Displaced Homemaker Program". This program they eliminated in the subcommittee was to help battered women who were driven out of their homes and had no place to go could apply for this money. He commented that it looks like they are substituting this program for one that was eliminated.

**Rep. Kasten** commented on **Rep. Fisher's** statement. That program is still going on. This is for high-wage, high-skill and is a different effort. (**Rep. Kasten** later corrected this statement. **Rep. Fisher** was correct).

**Rep. Haines** asked what kind of success ratio do they have in terms of after these people complete training and then placement? **Rep. Buzzas** said these programs have had very good success. The problem is there is just not enough money to meet the demand.

**Rep. Lewis** said the testimony they got would indicate that this is almost 100% placement.

**Rep. Lewis closed** on his substitute amendment.

**Vote:** **Rep. Lewis' substitute amendment** page B-18 Line 15 of HB 2 reducing it by \$500,000 in the biennium **PASSED 17-1 with Rep. Fisher voting no.**

**Motion:** **REP. JAYNE** moved that **AMENDMENT HB000205.apg DO PASS. EXHIBIT (aph50a15)**

*{Tape : 6; Side : B; Approx. Time Counter : 0.1 - 30.2}*

**Discussion:** **Rep. Lewis** said the subcommittee put limitations on the education benefit. The rationale for it was basically, they are using two-year money. They didn't want to get people into a four-year program when they only had two year's funding. **Ms. Gervai** said to her knowledge, part of this program is a work support payment for families that are currently working and would like to enroll in education. Part of the direction on the subcommittee's part was that families who had recently left the TANF program be eligible for the "Parents and Scholars" program as in HB 2. This is not the same as "Parents and Scholars" but is in another House Bill.

**Rep. McCann** referred to a Bill in the Appropriations Committee regarding this program. What was the intent of that Bill? Was it a 4-year Bill or a 2-year Bill? **Rep. Lewis** said it was a 4-year Bill and that is the program that the advocates liked.

**Rep. Jayne closed** on her amendment.

**Vote:** **Rep. Jayne amendment HB000205.apg FAILED 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.**

**Motion:** REP. JAYNE moved that **AMENDMENT HB000207.apg DO PASS.**  
**EXHIBIT** (aph50a16)

**Discussion:** Rep. Lewis opposed this amendment as well for the same reasons as before.

Rep. McCann asked what is the difference between this amendment and the last amendment? Rep. Jayne said this amendment removes the two year time limit.

Rep. Kaufmann spoke in support of the amendment.

Rep. Lindeen asked why this is 5 years instead of 4 years? Ms. Gervai said that 5 years or 60 months is the maximum time that a family can be on assistance under the federal regulation so this amendment would allow them to participate in education activities during that entire 5 year time-limit.

Rep. Buzzas said a lot of regular college students who aren't married or don't have children find it very difficult to complete a program in 4 years, sometimes depending on their degree, shortage of classes or whatever. These people are required to work part-time. Five years is reasonable.

Rep. Lindeen spoke in support of the amendment.

Rep. McCann asked if they have an existing program currently that is helping these people go to school? Ms. Gervai said currently within the TANF Program, education can be applied toward the work participation requirement. Mr. Hudson said this has been going on as long as FAIM which was enacted in 1996.

Rep. Kaufmann reminded the committee that this does not pay for anyone's education. This simply removes the barriers that would prevent them from counting going to school as their work requirement under the welfare program. They would receive some assistance for their basic needs that they will receive anyhow. This simply allows them to go to school and still receive them. All of them have to have children in order to qualify for the program.

Rep. Vick asked about committing to a program that they don't know if they have money for. Rep. Lewis said that is correct.

Rep. Lindeen said even though it is expiring that doesn't mean that it won't be continued. Rep. Lewis said that is true but there may be restrictions on it, they may change the program to some extent and they are just not sure of the outcome.

**Rep. Haines** commented that if they have two years behind them and the program disappears totally, it gives them a jumpstart to get the last two years they need.

**Rep. Buzzas** spoke in favor of the amendment.

**Rep. Lindeen** also spoke in support of the amendment.

**Rep. Kaufmann** said they do have the maintenance of effort, monies from the state, that they know has a lot of flexibility and that in the next Session they can come back and make them work if the federal government changes the guidelines in some way, that would eliminate this program.

**Rep. Jayne** closed on her amendment.

**Vote:** Rep. Jayne amendment HB000207.apg FAILED 8-10 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Kasten, Pattison, Peterson, Witt and Vick voting no.

**Motion:** REP. JAYNE moved that AMENDMENT HB000204.APG DO PASS.  
**EXHIBIT**(aph50a17)

*{Tape : 7; Side : A; Approx. Time Counter : 0.1 - 22.4}*

**Ms. Gervai** said the amendment 207 addressed a specific line item the Parents and Scholars line-item in the Bill. The amendment 204 is more generic and would apply to the whole TANF Program.

**Rep. Lewis** said the legislature is coming back in January, 2003. It would be more appropriate to take it up then when they know for sure what they receive from the federal government. He will resist the amendment.

**Rep. Jayne** closed on her amendment.

**Vote:** Rep. Jayne amendment HB000204.APG FAILED 8-10 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Kasten, Pattison, Peterson, Witt and Vick voting no.

**Motion:** REP. LEWIS moved AMENDMENTS SEC.B\6901-5C AND B.doc and SEC B\6901-4C AND B.doc DO PASS. **EXHIBIT**(aph50a18)  
**EXHIBIT**(aph50a19)

**Discussion:** Rep. Lewis said these are the two issues that Director Swysgood addressed. There was a mistake in calculation by the Executive in that the projected Medicaid request was compared to the Racicot budget, not to the Martz budget.



**Vote: Rep. Lewis amendment SEC B\6901-5C and B.doc PASSED UNANIMOUSLY 18-0.**

**Vote: Rep. Lewis amendment SEC B\6901-4C and B.doc PASSED UNANIMOUSLY 18-0.**

**Motion: REP. KAUFMANN moved that AMENDMENT HB000201.als DO PASS. EXHIBIT (aph50a20)**

***{Tape : 7; Side : A; Approx. Time Counter : 22.4 - 30.4}***

**Drew Dawson, Department of Public Health and Human Services**, said since the inception of the program they have about 94% of the population in Montana covered by Tobacco Use Prevention Program in 40 counties, 7 Tribal Governments and 5 Urban Indian Centers. They have 70% of the school districts involved with the Tobacco program.

**Rep. Buzzas** spoke in favor of the amendment.

**Rep. Lewis** commented there is, in fact, \$1 million a year federal money that comes to match the \$500,000 that is left in the budget. That is about \$1.5 a year for Tobacco Prevention. As to the reason the subcommittee accepted the Governor's recommendation to go down \$500,000 a year, was simply a matter of priorities.

**Rep. Kaufmann** closed on her amendment.

**Vote: Rep. Kaufmann amendment HB000201.als FAILED 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Kasten, Lindeen, McCann, Pattison, Peterson, Witt and Vick voting no.**

**Rep. Lewis** explained **Rep. Pattison's** conceptual amendment, stating there is a need in some of the rural hospitals, particularly in the northeastern part of the state, for some state assistance to buy equipment to allow those hospitals to tie into the Internet and use that process to consult with physicians in larger medical centers, particularly for diagnosis.

**Motion: Rep. Pattison** moved a **conceptual amendment** to buy equipment, \$200,000 for 5 hospitals, a one-time only biennium appropriation restricted for the equipment grants, to use for Internet to access physicians' advice.

***{Tape : 7; Side : B; Approx. Time Counter : 0.1 - 15.8}***

**Rep. Lindeen** asked for the source of the money. **Rep. Lewis** explained.

**Rep. Buzzas** asked if the amendment could be made contingent on the money being collected. **Rep. Lewis** said they have a back-up and they've also reduced the budget so it could come within the budget.

**Rep. Brueggeman** reminded the committee that the \$200,000 the Department of Revenue had estimated was what they figured was a very conservative estimate.

**Rep. Lewis** said they did get some information a week before the subcommittee concluded its work and they asked **Mr. Dawson** from the Department of Health and Human Services to take a look at it to find out if there were any other possibilities for funding. He reviewed it and sent some information over and he thought that it was a valuable and useful program.

**Rep. Fisher** spoke in favor of the amendment.

**Rep. Pattison** said the fiber optics cable grant was just for the fiber optics technology and laying the cable so no money could be taken from that grant for any equipment.

**Rep. Buzzas** asked if they were to pass this amendment and put it into the Department's budget is there some obligation on their part to make that expenditure whether or not the money is collected? **Rep. Lewis** said this would be a general fund appropriation and they will make the expenditures, to be line-itemed and restricted for that purpose.

**Rep. Kasten** spoke in favor of the amendment.

**Rep. Vick** opposed the amendment.

**Rep. Pattison** closed on his conceptual amendment.

**Vote:** **Rep. Pattison's conceptual amendment** to buy equipment in the amount of \$200,000, one time only biennium appropriation for Internet access to hospitals **PASSED 16-2 with Reps. Davies and Vick voting no.**

**Rep. McCann** referred to amendment HB000207.apg by **Rep. Jayne** and if it costs the general fund dollars? **Rep. Lewis** said no it would not. **Rep. McCann** asked why did **Rep. Lewis** oppose the amendment? **Rep. Lewis** said the main reason was that they would

be spending their reserve for the sole purpose of making sure it doesn't get re-allocated to another state and the objective is to have it spent by the time the Bill is re-authorized which is in September, 2002. There was concern on his part that they didn't want people starting a 4 year program when they were putting the extra money into expanding the program and only 2 years worth of money. They get cash assistance, child care, whatever assistance they get being involved with the program, but he thought 2 years was enough.

**Rep. McCann** asked how long can these people be on this program?

***{Tape : 7; Side : B; Approx. Time Counter : 15.8 - 28.5}***

**Ms. Gervai** said under federal regulation there is 60 month lifetime limit on receipt of a benefit that meets the definition of assistance. If the family is receiving a work support payment, she is unaware of any limited federal regulation or state law on the time limit of that non-assistance work support payment could be received.

**Motion/Vote: REP. LEWIS** moved that **CLOSE SECTION B OF HB 2 DO PASS.** The motion carried unanimously 18-0.

**Chairman Vick** explained schedules for tomorrow.

***{Tape : 8; Side : A; Approx. Time Counter : 0.1 - 4.8}***

**ADJOURNMENT**

Adjournment: 8:30 P.M.

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REP. STEVE VICK, Chairman

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MARY LOU SCHMITZ, Transcriber

SV/MLS

**EXHIBIT** (aph50aad)